

Insurance Division Program Goal		Agency/Program #: 3401-03-G1
		Division: Insurance Division
		Program:
Agency Name:	State Auditor's Office	
Agency Contact:	Jan VanRiper	444-2040
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Program or Project Description:

The Insurance Division regulates the insurance industry in Montana. The Examinations Bureau is responsible for licensing insurance carriers, monitoring the financial solvency of insurance companies, collecting premium taxes and company fees, and auditing insurance company annual statements. The Rates and Forms Bureau is responsible for reviewing form filings and rate filings to ensure compliance with the applicable insurance code.

Appropriation, Expenditure and Source					
Fund Name:	2008		2009		Approp & Expenditure numbers are as of August 29, 2008
	Approp.	Expended	Approp.	Expended	
General Fund	0	0	0	0	
State Special	3,736,823	3,682,217	4,030,209	395,909	
Federal Funds	0	0	0	0	
Total:	\$3,736,823	\$3,682,217	\$4,030,209	\$395,909	

Legislative Goal(s):

Ensure that the insurance industry complies with the Montana Insurance Code, enforce anti-fraud provisions and provide consumer protection.

Legislative Performance Measures:

1. Review and approve forms within 60 days as required by 33-1-501(2), MCA.
2. Financially examine traditional domestic insurers as often as the commissioner considers advisable, but not less than once every 5 years and examine each captive insurer at least once in 3 years.
3. Respond to and resolve policyholder complaints in timely fashion.
4. Complete market conduct examinations for domestic insurance carriers once every five years as required by 33-1-401, MCA.

2009 Biennium Significant Milestones:		Completion Dates	
		Target	Actual
1			
2			
3			
4			
5			

Agency Performance Report:**1. Review and approve or deny forms within 60 days.**

Due to a law passed in 2005, the Forms Bureau is required to complete review and approval or disapproval of all form filings within 60 days of submission or the insurance company submitting may request to have the forms "deemed" approved (33-1-501(2), MCA).

As of the May reporting date, the Forms Bureau was not meeting the goal, with an average of 87 days to approval or denial for the period beginning July 1, 2007 and ending February, 2008. The average turn around for all filings in August was down to 38, but for life and health filings the average was 75.3. Improved procedures helped reduce the time, even in spite of increased filings. However, the 60 day deadline is still not being met on all life and health filings, and filings are increasing.

The Forms Bureau will continue to strive to decrease the turn-around time, but with increased filings additional FTE help may be necessary to reach the goal.

2. Financially examine traditional insurers every 5 years and captive insurers every 3 years.

The Exams Bureau is meeting this target. In 2008 11 examinations (5 traditional and 6 captives) will be completed.

3. Research, investigate, provide assistance, and/or resolve policyholder complaints with insurers.

The Policyholder Services Bureau [PHS] is meeting this goal. Since the last report date of May 20, PHS has opened 538 files, closed 411, and recovered \$1,085,931.11 for insurance consumers.

4. Conduct market conduct examinations of domestic insurers every 5 years (4 years for health service corporations) and optional exams on foreign insurers. There are currently 35 domestic companies, with an average 7 domestic exams to be done each year as an ideal target.

Since the last report in May, PHS has completed one additional market conduct exam on a farm mutual company and has commenced an additional one that will be completed by December. This agency reported that PHS would complete a third small exam, but now will be unable to complete the third due to the extended time it is taking to complete the three larger exams that were in process as of the last reporting date. As explained previously, in some years PHS examines domestic health carriers, and those take considerably longer than other exams, leaving less time for others. During this period two domestic carriers are still in the examination process, as is one non-domiciliary company. PHS plans to complete them all by calendar year end.

LFD Narrative:

LFD ASSESSMENT: Progress Report Needed

DATA RELEVANCE: Yes

APPROPRIATION STATUS: Appropriation and expenditure data were provided.

COMMENTS/ISSUES: While the SAO is meeting 3 of the 4 performance targets, it is not able to meet the statutory requirements for approval or denial of claim forms. Due to the statutory requirement that forms which are not reviewed within 60 days are "deemed" approved, forms which have changes which are not in the best interests of the public may be legally used by insurance companies.

OPTIONS: Upgrade or downgrade the rating - options for workgroup in relation to the rating are No further review or Progress Report Requested. The workgroup may wish to discuss with SAO if they have included additional contracted services or FTE in as a decision package in their budget request for the 2009 Legislature or have developed another strategy to ensure they are able to meet the statutory requirements for form filings in the future.



Version	Date	Author
	9/24/2008	

Change Description